

The Impact of Female Executives' Proportion on Corporate Performance – Evidence from China's Garment Industry

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Abstract

With the global appeal on gender equality, female executives' proportion in corporations has become higher and higher. As an industry closely related to the female, is the corporate performance of the garment industry influenced by female executives' proportion? This paper attempts to answer this question by empirical testing the impact of female executives' proportion on the corporate performance of China's garment industry. It investigates 20 listed Chinese garment firms from 2007 to 2015. Female executives' proportion, along with company size, current asset turnover ratio, asset-liability ratio, number of employees, staff costs, ratio of inventory to current assets, ratio of accounts receivable to current assets, number of board meetings, and net profit growth rate, is tested to analyze the relation between female executives' proportion and corporate performance. Fixed effect (FE) model, pooled ordinary least square (pooled OLS) model, and panel corrected standard errors (PCSE) model are utilized for robustness check. Empirical results find that female executives' proportion has a negative impact on the corporate performance of China's garment industry. Although the female has more of connection with the garment industry, higher female executives' proportion does not necessarily bring better corporate performance.

Keywords: Female Executives' Proportion, Corporate Performance, Garment Industry, Panel Data

Introduction

In recent years, with the continuous improvement of women's education level, appointing women as executives has become an important reform in leadership structure of business. As one of the most flourishing industries of China, the garment industry is highly related to women so that the gender distribution of executives in this industry is more representative

than others. This paper investigates whether the proportion of female executives has any impact on the corporate performance of China's garment industry. The findings can enable Chinese firms, especially garment firms, to have a better understanding of the distribution of gender in executives. This paper also provides empirical evidence on whether the female has any specific impact on corporate performance of certain industries.

Making contribution to existing empirical research, this paper selects 20 listed firms in the garment industry as the sample and analyzes the impact of female executives' proportion on the corporate performance of sample firms. This paper sets female executives' proportion as the core explanatory variable of corporate performance. Empirical results find that female executives' proportion has a negative impact on the corporate performance of China's garment industry.

The remaining part of this paper is organized as follows: Section 2 reviews related literature. Section 3 introduces the data of 20 listed Chinese firms in the garment industry. Section 4 presents the empirical analysis. Section 5 proposes policy implications. Section 6 concludes the paper.

Related Literature

Corporate performance can reflect a firm's production condition and operational efficiency. Generally, corporate performance can be measured by return on equity (ROE), return on assets (ROA), and earnings per share (EPS). In addition, other methods of measurement of corporate performance such as factor analysis, principal component analysis, and so on have been proposed in previous literature.

An (2011) selects 654 listed firms in Shanghai and Shenzhen A-share market up to 2010. It utilizes factor analysis to compress 11 financial indicators, *i.e.*, ROA, capital investment rate of return, quick ratio, liquidity ratio, EPS and another 6 indicators into profitability, solvency, growth capacity, operational capacity and equity expansion capacity. These five main factors are treated as public factors to build an evaluation of corporate performance. It evaluates corporate performance of listed firms according to factor scores. Wu (2008) investigates 28 listed firms and selects management objectives, core competencies, and comprehensive performance as the main financial components. A corporate performance evaluation model is set up based on these three financial components. Similarly, Jiang and Chen (2010) applies the principal component analysis model and analyzes 18 listed manufacturing firms. Compared with the use of single indicator of ROE, ROA, and EPS, factor analysis and principal component analysis consider more information. However, since factors and components are chosen subjectively, these two methods are not accurate.

A great deal of previous literature divides female executives into two categories. In the broad sense, female executives include female directors, female supervisors, and female senior managers; In the narrow sense, female executives only consist of senior female executives. In terms of gender of corporate executives, Li (2014) uses the knowledge-based view to analyze the specific situation of women's participation in corporate governance and concludes that there are significant differences between female executives and male executives. The differences are manifested in different social culture background, different character behavior, different skills and knowledge *etc.*. Firstly, women are more cautious of project decisions. Terjesen and Singh (2008) argues that female executives are very cautious in formal events. Similarly, Izraeli (2003) finds that women tend to be more serious than men in their own tasks and corresponding duties. Secondly, women bring about more information and knowledge and have different perspectives from men. Terjesen and Singh (2008) finds that firms with two or more female executives pay more attention to external knowledge and external consulting. Zelechowski and Bilimoria (2004) argues that women have different relations from men in terms of market experience, work experience and social experience, so women have different approaches from men in corporate governance and can bring new and comprehensive view. Thirdly, women's participation in corporate governance can bring more humanistic demands to the corporate culture. Fondas and Salsalos (2000) finds that female executives treat their employees more carefully and meet the interests of demands more sensitively because of their natural advantages. Therefore, female executives are more aware of emotional problems of employees in their work than male executives and therefore capable of dealing with issues in a more amenable way.

With regard to the impact of female executives' proportion on corporate performance, there is no consensus due to differences among research objects, periods, and methods. There are mainly three different opinions. Firstly, female executives' proportion has positive impact on corporate performance. Based on the study of 1,042 Chinese listed firms, Hu (2016) proposes that participation of female executives in corporate governance can bring positive effect to the firm. Francocur (2008) argues that the higher proportion of female executives is, the more positively firm's corporate performance is impacted. The conclusion is based on the stakeholder theory, which states that a firm's senior management should take into account of different genders, levels, and age groups, maintaining diversification to achieve justice. Secondly, female executives' proportion has negative impact on corporate performance. Through a series of monographic studies, Lee *et al.* (2003) argues that appointment of female executives may reduce the market value of firms. Zhou (2014) finds that female executives are easily influenced

by ethical factors in decision-making. This characteristic of female executives consequently affects corporate decision-making and corporate performance. Thus, the proportion of female executives is negatively correlated with corporate performance. Dwyer *et al.* (2003) studies female executives of 535 British banks and finds that an increase in the proportion of female executives with high independence and competitiveness significantly reduces corporate performance because of women's resistance to stress and their independence is weaker than that of men. Wang (2010) finds that there is no strong correlation between female executives' proportion and corporate performance, but there is a negative correlation with the Tobin Q value. Thirdly, female executives' proportion has no significant impact on corporate performance. Rose (2007) studies Danish firms listed in 1998 to 2001 and finds that there is no relation between female executives' proportion and corporate performance. In addition, Zhang *et al.* (2010) investigates a large number of Chinese firms listed between 1998 and 2006. It analyzes the impact of female executives' proportion on corporate performance from the perspective of corporate structure, and reaches the same conclusion.

Despite the great deal of previous literature on the impact of female executives' proportion on corporate performance, most only considers main financial factors and neglects board of director factors and human resource factors. Besides, most previous literature utilizes factor analysis or principal component analysis, in which the selection of factors and components is usually subjective. Therefore, this paper utilizes earnings per share (EPS), and takes into account of human resource factors and board of director factors. In addition, most previous literature conducts cross-industry analysis. Very limited previous literature investigates a specific industry. Since different industries have different relation with gender, the impact of female executives' proportion on corporate performance can also differ. Therefore, this paper examines the garment industry, which is closely related with the female.

The Data

China has a population of 1.3 billion. It is the world's largest garment manufacturing powerhouse and consumer market. China's garment industry has experienced a rapid development in recent years, which in turn, also accelerates the development of China's economy. Until the end of 2016, China has hundreds of listed firms in the garment industry. This paper selects the top 100 firms in terms of market value. This paper firstly removes firms listed after 2007, due to data deficiency. Secondly, firms without information disclosure or full version of the annual reports are also removed. Thirdly, firms whose proportion of female executives accounting for 0% from 2007 to 2015 are eliminated. Finally, data of 20 garment firms from 2007 to 2015 are selected as the sample, giving a total observation of 180. Five firms are listed on the

Shanghai Stock Exchange, two are listed on the Shenzhen Stock Exchange, and 13 are listed on the Hong Kong Stock Exchange. The data are gathered from the annual reports of 20 listed garment firms. Descriptive statistics, such as profitability, company size, human resources, debt, current assets, and corporate management *etc.* are shown in Table 1.

Table 1 Descriptive Statistics

Variables	Mean	Std. Dev.	Minimum	Maximum
Earnings Per Share	0.4151	0.8154	-2.5000	5.2100
Female Executives' Proportion	0.1573	0.1114	0	0.6111
Firm Size (million CNY)	13586.09	20328.97	150.07	174130.00
Current Assets Turnover Rate	1.6944	1.1410	0.2263	5.9707
Asset-Liability Ratio	0.3848	0.1911	0.0384	0.9046
Number of Employees	36753.20	83096.11	266	460000
Staff Cost (million CNY)	1689.76	2587.77	9.78	13707.77
Ratio of Inventory to Current Assets	0.3099	0.1793	0.0152	0.8837
Ratio of Accounts Receivable to Current Assets	0.2135	0.1752	0.0090	0.9751
Number of Board Meetings	6.49	2.85	2	18
Net Profit Growth Rate	0.0450	2.0648	-17.9524	9.3388

As can be seen in Table 1, in terms of profitability, sample firms' overall average EPS is as high as 0.4151 yuan / share. But among the 180 observations, the gap between minimum and maximum is large, and the standard deviation is 0.8154, which shows that although most garment firms' profitability is good, some of them still incur loss in some years. From the perspective of net profit growth, the overall net profit growth rate is 4.5%, but the gap between minimum and maximum is 2729.12%, and the standard deviation is 206.48%, which indicates that the annual net profit margin and volatility can be influenced by differences in firm size, periods, and policies.

Table 1 also shows that the average assets of sample garment firms' is 13586.09 million, while the gap between minimum and maximum is nearly 174,000 million, indicating that sample garment firms vary greatly in different periods and different sizes. Among the 20 sample firms, some firms were listed in 1999. They have been operating for many years, and they have their own subsidiaries and stores in many countries and regions. By contrast, those new firms listed in 2007 usually have a much smaller operating scale both in domestic market and international market.

This paper divides human resource into three aspects: female executives' proportion, number of employees, and staff cost. First of all, from the perspective of female executives' proportion, the mean of female executives' proportion of sample garment firms is only 15.73%. At the same time, the minimum value is only 11.14%, while the maximum proportion accounts for 61.11%. The large dispersion is mainly due to the fact that

different garment firms have different key activities and target customers. Secondly, the average number of employees of sample firms is 36,753. However, the minimum value is only 266, while the maximum value reaches 4,600,000. The number of employees is highly related to the scale, the level of mechanization, and growth stages of the firm. Moreover, staff cost mainly includes staff salaries, benefits, insurance, pension and so on. Unit staff cost has a stimulating effect on staff themselves. Thus, to a certain extent, it can affect a firm's corporate performance. The average cost of staff for the 20 sample firms is 1,689.76 million, and the difference between the minimum and the maximum is quite large, which is closely related to the size of the firm, the number of employees, and the location of the firm's factory.

The asset-liability ratio reflects the level of debt and the degree of business risk. The average asset-liability ratio of the 20 sample firms is 38.38% and the standard deviation is 19.11%, which shows that the asset-liability ratio of the sample garment firms stays at a suitable level. At corporate creditors' level, they tend to lend more money to garment firms with low debt-to-asset ratio because they are more likely to recoup their capital. At shareholders' level, high asset-liability ratio has two advantages. Firstly, shareholders' profit margins of capital can be increased by financial leverage. Secondly, risks can be transferred. At corporate operators' level, the asset-liability ratio depends largely on the hope and trust of operators for future operation, controllability, and avoidance of risks. Thus, for corporate operators, the asset-liability ratio should be controlled in a reasonable range. In the '2016 Corporate Performance Evaluation Criteria' issued by the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), the requirement of garment firms shows that firms with asset-liability ratio lower than 50% are excellent and firms with asset-liability ratio between 50% to 55% are good. The average value of the asset-liability ratio of the 20 sample firms is excellent, with the maximum value of 90.46% exceeding the bottom line of 85%. Therefore, the average asset-liability ratio of 2016 is at the standard's worst value.

Current asset is analyzed from three aspects: current assets turnover rate, ratio of inventory to current assets, and ratio of accounts receivable to current assets. Firstly, from the perspective of current assets turnover rate, the average current assets turnover rate of the 20 sample garment firms is 1.694. The minimum value is 0.2263, and the maximum value is 5.9707. The higher the current assets turnover rate is, the faster the turnover can be implemented, and the more income a firm can obtain through current assets. The data show that there is sharp difference among the operating conditions of sample garment firms. In addition, the ratio of inventories and accounts receivable to current assets reflects the actual annual proportion of current assets. In the past nine years, the average inventory of China's garment industry accounts for

30.99%, and the average accounts receivable accounts for 21.35%. Overall, these two proportions are objective. However, the maximum value indicates that in some years, the proportion of inventory and accounts receivable of some firms is too high. This reduces the proportion of available current assets, weakens the ability of converting current assets into profit, and goes against the operation and development of firms.

The level of corporate management in this paper refers to the number of firms' board meetings in a year. As shown in Table 1, the average number of board meetings held is 6.49 times a year. The minimum is 2 times, and the maximum is 18 times. The number of board meetings reflects previous innovation in system or structure of the firm, which also has a corresponding impact on corporate performance.

Empirical Analysis

In terms of the impact of female executives' proportion on corporate performance, previous literature provides different theoretical analysis and implications. However, previous literature does not reach consensus because of different institutions in industries, countries, and time periods. Therefore, this paper focuses on garment firms that have more connection with the female and studies the impact of female executives' proportion on corporate performance through quantitative methods. This paper selects data of 20 listed firms in the garment industry from 2007 to 2015. A series of hypotheses are proposed and tested.

- Hypothesis A: Female executives' proportion has a negative impact on corporate performance. In China, people have a stereotype that women are inferior to men. The large scale of listed firms, the protection of shareholders' rights and interests, the complicated structure, and the large number of executives all bring about great internal pressure on management decision-making. Meanwhile, the fierce market competition in the garment industry and the fast update of fashion trend also create a lot of external pressure on management decision-making. In general, women's capability of bearing stress is weaker than that of men. In addition, female executives are more easily influenced by ethics, empathy, and other factors in their decision-making, which may affect corporate decision-making and corporate performance.
- Hypothesis B: Firm size has a positive impact on corporate performance. In general, the bigger the firm is, the larger total assets and the stronger its profitability can be.
- Hypothesis C: Current assets turnover rate has a positive impact on corporate performance. The higher current assets turnover rate is, the more profits can be made, and the better corporate performance can be.
- Hypothesis D: Asset-liability ratio has a negative impact on corporate

performance. The higher asset-liability ratio is, the greater operational risks and the worse corporate performance can be.

- Hypothesis E: There is a positive correlation between number of employees and corporate performance. In terms of the same unit productivity, the more employees a firm has, the higher total productivity of the company and the better corporate performance can be.

- Hypothesis F: There is a positive correlation between staff costs and corporate performance. The higher staff salaries, benefits and other costs are, the higher work enthusiasm and work efficiency can be, and the better corporate performance can be.

- Hypothesis G: Ratio of inventory to current assets has a negative correlation with corporate performance. The higher ratio is, the fewer inventories can be put into operation, and the more negative the impact can be.

- Hypothesis H: There is a negative relation between ratio of accounts receivable to current assets and corporate performance. The higher the ratio is, the fewer current assets can be put into operation, and the more negative the impact can be.

- Hypothesis I: There is a negative correlation between number of board meetings and corporate performance. The more meetings are, the more problems that the firm faces need to be discussed.

- Hypothesis J: Net profit growth has a positive impact on corporate performance. The higher profit growth rate is, the better the firm's profitability of the year can be, and the better corporate performance can be.

EPS is the explained variable. Female executive's proportion is the explanatory variable. Variable names and variable meanings are summarized in Table 2.

Table 2 Description of Variables

	Variable Names	Variable Meaning
Explained Variable	Earnings Per Share (EPS)	Ratio of final net profit to final total equity
Explanatory Variable	Female Executives' Proportion (FEMALE)	Ratio of female executives to the total number of executives
Control Variables	Firm Size (LSIZE)	Logarithm of total assets of the year
	Current Assets Turnover Rate (CATURNOVER)	Ratio of main business income to average flowing assets
	Asset-Liability Ratio (DAR)	Ratio of total final liabilities to final total assets
	Number of Employees (STAFF)	Number of employees of the firm in a year
	Staff Cost (LWAGE)	Logarithm of staff costs in a year
	Ratio of Inventory to Current Assets (INVENTORY)	Ratio of final inventory to final current assets
	Ratio of Accounts Receivable to Current Assets (RECEIVABLE)	Ratio of final accounts receivable to final current assets
	Number of Board Meetings (MEETING)	Number of board meetings held in a year
	Net Profit Growth Rate (PROFIT)	Ratio of net profit growth to net profit at the end of the previous year

ADF test finds that the explained variable, the main explanatory variable, and 9 control variables are all stationary. Breusch - Pagan Lagrange Multiplier Test finds that random effect model is better than OLS. F test finds that fixed effect model is better than OLS. Hausman test finds that fixed effect model is better than random effect model. Therefore, this paper adopts fixed effect model for regression. Moreover, Davidson-MacKinnon test finds that there is no endogeneity. Wald test finds that the panel data set has very significant heteroskedasticity. Therefore, in order to make the regression results more reliable, heteroskedasticity is controlled.

The econometric specification, ideally, would be of the following form.

$$EPS = \alpha + \beta_1 FEMALE + \beta_2 LSIZE + \beta_3 CATURNOVER + \beta_4 DAR + \beta_5 STAFF + \beta_6 LWAGE + \beta_7 INVENTORY + \beta_8 RECEIVABLE + \beta_9 MEETING + \beta_{10} PROFIT + \varepsilon,$$

where α is the intercept, β_i ($i=1,2,3,4,5,6,7,8,9,10$) are regression coefficients, and ε is the error term.

Five types of regression are conducted for robustness check. Regression 1 controls heteroskedasticity of OLS. Regression 2 controls heteroskedasticity of fixed effect model. Regression 3 is pooled OLS. Regression 4 is asymptotic fixed effect model. Regression 5 is panel corrected standard errors model (PCSE). Regression results are shown in Table 3. Since the panel data set in this paper has cross-sectional correlation and heteroskedasticity, Regression 4, asymptotic fixed effect model, gives the best regression result.

Table 3 Regression Results and Robustness Test

Variables		Explained Variable : EPS				
		Regression 1	Regression 2	Regression 3	Regression 4	Regression 5
		Coefficient (Std. Err)	Coefficient (Std. Err)	Coefficient (Std. Err)	Coefficient (Std. Err)	Coefficient (Std. Err)
Explanatory Variable	FEMALE	-1.292329 (0.2537189) ***	-0.9670321 (0.4407315) **	-1.292329 (0.2690336) ***	-.9670321 (.2821667) ***	-1.292329 (.3374824) ***
Control Variables	LSIZE	-0.0123979 (0.0700192)	-0.4084887 (0.280982)	-0.0123979 (0.05142)	-.4084887 (.1241835) **	-.0123979 (.0657906)
	CATURNOVER	0.0368905 (0.0489707)	0.3544934 (0.30554)	0.0368905 (0.0295472)	.3544934 (.1338421) **	.0368905 (.0551896)

	DAR	- 0.2681733 (0.195236 1)	- 0.4884893 (0.299751 4)	-0.2681733 (0.097234 3) **	-0.4884893 (.0885848) ***	-0.2681733 (.1594899) *
	STAFF	-1.30e-06 (8.71e-07)	1.95e-06 (1.99e-06)	-1.30e-06 (1.37e-06)	1.95e-06 (1.40e- 06)	-1.30e-06 (8.94e- 07)
	LWAGE	0.0636536 (0.068658 3)	0.3145681 (0.213163 9)	0.0636536 (0.077000 5)	.3145681 (.1022413) **	.0636536 (.0759105)
	INVENTORY	0.4394218 (0.170810 8) **	-1.362795 (0.735162 4) *	0.4394218 (0.088044 5) ***	-1.362795 (- 1.362795) ***	.4394218 (.2291696) *
	RECEIVABLE	- 0.0930089 (0.293268 6)	0.7385544 (0.564242 6)	- 0.0930089 (0.353261 4)	.7385544 (.5718718)	-0.0930089 (.3245422)
	MEETING	0.0095118 (0.014941 6)	- 0.0384163 (0.050631)	0.0095118 (0.006546 6)	-0.0384163 (.0167506) *	.0095118 (.0150388)
	PROFIT	0.0830372 (0.059139 9)	0.0447211 (0.050031 1)	0.0830372 (0.041940 3) *	.0447211 (.0731745)	.0830372 (.0845358)
	_CONS	- 0.4808396 (1.877863)	3.455549 (3.916931)	- 0.4808396 (1.315851)	3.455549 (2.092892)	-0.4808396 (1.310879)
	R ²	0.0904	0.2016	0.0904	0.2016	0.0904

NOTE: ***, **, * indicates that the variable is significant at 1%, 5%, 10% significance level, respectively.

1) Female executives' proportion (FEMALE) has a negative correlation with EPS, and it is significant at 1% significance level. The results show that for sample garment firms, the higher female executives' proportion is, the worse corporate performance is. Even for the garment industry, which has a close connection with the female, the relation is negative. There are some possible reasons: Firstly, garment firms sometimes hire some female executives just because of nepotism, not for their own ability. Secondly, generally, female executives' risk consciousness and risk control ability are weaker than that of men, and they are more conservative and more risk averse than male executives in making decisions. Thirdly, female executives usually have lower status in management and their opinions are not respected.

Fourthly, female executives are easier to be interfered, which affects the efficiency and the quality of decision-making. Fifthly, the limitation of female executives' social network makes it difficult for them to have as many opportunities in business society as male executives do.

2) Firm size (LSIZE) has a negative correlation with EPS, and it is significant at 5% significance level. This result shows that expanding the size of garment firms has a negative impact on garment firms' profit.

3) Current assets turnover rate (CATURNOVER) has a positive correlation with EPS, and it is significant at 5% significance level. Current assets turnover rate can reflect the turnover speed of a firm's current assets. The regression result shows that the higher the turnover rate of current assets is, the higher corporate performance can be. A high current assets turnover rate helps firms save money, which to some extent, enhances firms' profitability. However, when the current assets turnover rate is low, firms need more money to support normal operation, which causes capital waste and decreases profitability.

4) Asset-liability ratio (DAR) has a negative correlation with EPS, and it is significant at 1% significance level. The regression result shows that the higher asset-liability ratio is, the worse corporate performance can be, and this result is inconsistent with the finding of Masulis (1980).

5) As a control variable, number of employees (STAFF) is not significant. The benefit of a firm does not only depend on the number of employees but also on the efficiency of staff. So, the control variable is not significant, which means that more staff may not necessarily lead to better corporate performance.

6) Staff cost (LWAGE) has a positive correlation with EPS, and it is significant at 5% significance level. That is, the higher staff cost is, the higher corporate performance can be. Since the garment industry is a kind of manufacturing industry, higher staff cost means better employee benefits, which can increase employees' enthusiasm on production, and therefore has a positive effect on firms' corporate performance.

7) Ratio of inventory to current assets (INVENTORY) has a negative correlation with EPS, and it is significant at 1% significance level. A reasonable explanation for this finding is that the higher the ratio of inventory to current assets is, the less available money will be, which can influence the firm's profitability and corporate performance.

8) Ratio of accounts receivable to current assets (RECEIVABLE) is not significant. According to the data presented in the annual reports of firms, ratios of accounts receivable to current assets of the 20 sample garment firms are all low during these 9 years, which have little impact on those firms' available working capital.

9) Number of board meetings (MEETING) has a negative correlation

with EPS, and it is significant at 10% significance level. A reasonable explanation of this finding is that holding board meetings is to deal with issues of firm's structure, management and so on. Thus, even if the firm took the approach of holding board meetings to make decisions, the presence of problems would still have negative impact on corporate performance.

10) Net profit growth rate (PROFIT) is not significant, but it is positively correlated with EPS, because net profit growth rate can show improvement of firm's profitability.

Policy Implications

According to the above empirical analysis, this paper concludes that in the garment industry, female executives' proportion is negatively correlated with corporate performance. In order to help female executives play a better role in corporate governance, this paper proposes the following policy implications.

For female executives, they need to improve their professional skills and resilience. Although the garment industry is closely related to the female, the key factor that female executives affect corporate performance is their ability of management and decision making. Providing female executives with enough training to improve their professional skills can solve more corporate daily-routine issues, while increasing the resilience of female executives can enhance their awareness of risk control so they are less likely to opt for risk aversion when making decisions.

For firms, there is a need to strengthen rules and regulations of female's participation in corporate governance and guarantee their right to speak and their right of corresponding position in order to mitigate female executives' negative attitude towards governance which affects corporate performance. In addition, it is imperative to consider female's shortcomings in the workplace, provide welfare policies, employment policies, and personnel training policies to ensure that the female could play their own advantages and enhance corporate performance.

Conclusion

With the continuous improvement of women's educational level, the role of women is becoming increasingly important in corporation. However, the role of female executives in corporate management and decision making has not reached an unanimous agreement.

This paper collects data of 20 listed garment firms in China from 2007 to 2015. Asymptotic fixed effect model is utilized for regression. Company size, current assets turnover rate, asset-liability ratio, number of employees, staff cost, ratio of inventory to current assets, ratio of accounts receivable to current assets, number of board meetings, and net profit growth rate are control

variables. The relation between female executives' proportion and corporate performance is empirically investigated. The following conclusions can be drawn from empirical results.

The proportion of female executives and corporate performance is negatively correlated, *i.e.*, the higher female executives' proportion is, the worse corporate performance can be. This negative result may be due to the inherent social discrimination against women, which makes female executives lose the right to speak in work place, or become less resilient than male executives. Being more conservative and risk averse in making decisions, to a certain extent, hinders corporate performance. Besides, women's family attributes also lead to limitations of their social network.

Although this paper aims at the impact of female executives' proportion on corporate performance of China's listed garment firms, future research may pertain to the following issues.

1. When selecting explanatory variables, this paper only considers female executives' proportion without other possible factors of female executives such as the age distribution of women executives, salary level, and cultural level.

2. In order to ensure the balance of panel data, this paper deletes firms with incomplete data disclosure between 2007 and 2015, which affects the representativeness of selected firms in the whole garment industry. Thus, some missing information may have some impact on the outcome of the final regression.

3. Of the 20 listed firms selected in this paper, 13 are listed in Hong Kong and 7 are listed in Mainland China. Due to different policies and financial systems of Mainland China and Hong Kong, corporate performance is also affected. This paper does not control this external factor.

4. The internal garment industry can be segmented more deeply, such as women's clothing industry, men's clothing industry, children's clothing industry, sports clothing industry and so on. The main business of different listed firms is different, and female executives' proportion is also different. Therefore, the impact on corporate performance can also be different.

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